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PAPERS AND DISCUSSIONS

HOW WE HAVE BEEN GETTING ALONG WITHOUT A BUDGET

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Nearly every writer on American government has commented adversely on the fact that appropriations are made by congress each year without a budget. Foreigners have frequently said that they are at a loss to know how we get along without a budget. One hundred and twenty-four years of experience of this kind should be significant. Would it not be well for us to answer the implied interrogatory, in our own minds at least, by considering how we have been getting along.

There are five very important purposes for which a budget is used in foreign countries:

1. A budget is used as a means whereby the executive branch of the government may get before the legislative branch and the country a clear-cut, understandable statement of past transactions, i. e., the budget carries with it an *account of official stewardship*.

2. As used in foreign countries, a budget provides a means whereby the executive branch of the government may get before the legislative branch and the country a complete and accurate *statement of present financial condition*.

3. A budget is used as an instrument for *planning future work*, i. e., as a basis for considering and determining what shall be undertaken during the next fiscal period.

4. A budget is used as an instrument for *financial planning*, i. e., it serves as the means whereby authorized expenditures may be amply provided for through authorities to raise revenues or to borrow money on the credit of the government.

5. One of the most important uses of a budget is that it provides the *means whereby the work of the legislative and the work of the executive branches may be brought into closer coöperation* to the end that the government may be made an efficient instrument for the promotion and protection of the public welfare.

In attempting to answer the implied interrogatory as to how we have been getting along without a budget would it not be well for us to reflect on the experience of the United States in each of these important particulars.

MEANS DEVELOPED FOR GETTING BEFORE THE COUNTRY A STATEMENT
OF OPERATION RESULTS

In our Constitution a clear-cut division is made between the powers, duties, and responsibilities of the legislative branch, and the powers, duties, and responsibilities of the executive branch. To the congress is given all powers which have to do with determining what shall be done, what organization shall be provided, what amounts may be expended. Responsibility for the efficiency and the economy with which the organization, the funds, and the equipment provided are used for doing the work authorized under the conditions prescribed is placed on the executive branch. And to the end that this responsibility may be definitely located, all executive power is "vested in the President" who alone of all persons in that branch is elected. Nor was the matter of responsibility for rendering an account of stewardship left to conjecture. This is not one of the "implied" duties. The Constitution is specific. It prescribes that "a regular statement and account of the receipts and expenditures of all public money shall be published from time to time;" and in order that the instruments for accounting might be at hand, the congress at its first session (1789) created an office and provided a salary for a comptrolling officer who might perform this function—such officer to be appointed by the President. Nor did congress leave the matter to conjecture as to what this officer should do; in this and in subsequent acts he was specifically charged with the duty to prescribe the forms and methods of "keeping and rendering" public accounts. It is evident that every necessary constitutional provision has been made and all the machinery has been in place, throughout the entire period of our national existence, for producing and making available complete and accurate information about what the government is doing. During this entire period of one hundred and twenty-four years, the doings of the government might have been recorded and reported in such manner that every school boy might have become familiar with its work.

It is pertinent to this inquiry to note what we have done under a system of legislative control over the government finances which does

not take the President as the constitutional head of the administration into account—which does not hold that chief executive responsible for laying before congress and the country an account of executive accomplishments—a system which on the contrary asks each head of a department or establishment (the subordinates of the President) to report direct to congress.

Let us see what has happened. During all this time so little information has been produced and made available that the officers themselves have been seriously handicapped. The inquiries of congress have been regarded as hostile inquisitions. Under a régime of irresponsible committee rule, instead of developing a system of accounting and reporting that has kept pace with the growth of the government we find now that the government is almost entirely without information which reflects administrative results on even present financial condition. Instead of developing a means for locating and enforcing responsibility the administration has been broken up into small independent reporting units, the heads of which have gained a monopoly over such facts as are known about their own work. Instead of developing a means for making public the facts of public business, these heads have been asked to appear before irresponsible committees of congress personally to answer inquiries behind closed doors, and, when personally attacked, have relied on the absence of the records for their protection.

Without a budget which requires that the chief executive render an accounting which will force him as a means of protecting his own responsibility, without even a request to submit to congress each year a clear-cut, accurate account such as is contemplated in the Constitution, without calling into use the executive powers specifically granted by statute to prescribe the form of accounting and reporting, the facts of public business have remained undeveloped until every detail has been lost sight of in the mould and dust of the passing decades.

Another significant fact is this: The administrative officer on whom the duty of prescribing the forms of “keeping” and “rendering” accounts has been specifically imposed by statute has finally refused to recognize that he has any responsibility for developing any of the accounting and reporting processes which are needed for the purpose of developing facts about departmental management. Being a subordinate in a department which is primarily responsible for custodianship of cash, he has gradually narrowed the definition of his powers until after a hundred years he has conceived that the only meaning which is to be given to the statutory prescriptions referred to is that he shall take cognizance of the

"account current" of the disbursing officer. In other words, it is definitely stated by this officer that although the statute says "all public accounts," he assumes no responsibility whatever for any of the records and reports *kept* and *rendered* other than those which are *kept* and *rendered* by persons to whom money has been advanced from the treasury.

The situation in which the chief executive finds himself was succinctly stated by President Taft in his special message of March 3, 1911. After calling attention specifically to certain gross inaccuracies, he said:

Without going into greater detail, the conditions under which legislators and administrators, both past and present, have been working may be summarized as follows: There have been no adequate means provided whereby either the President or his advisors may act with intelligence on current business before them; there has been no means for getting prompt, accurate, and correct information as to results obtained; estimates of departmental needs have not been the subject of thorough analysis and review before submission; budgets of receipts and disbursements have been prepared and presented for the consideration of congress in an unscientific and unsystematic manner; appropriation bills have been without uniformity or common principle governing them, there have been practically no accounts showing what the Government owns and only a partial representation of what it owes; appropriations have been overencumbered without the facts being known; officers of government have had no regular or systematic method of having brought to their attention the costs of governmental administration, operation, and maintenance, and therefore could not judge as to the economy or waste; there has been inadequate means whereby those who served with fidelity and efficiency might make a record of accomplishment and be distinguished from those who were inefficient and wasteful; functions and establishments have been duplicated, even multiplied, causing conflict and unnecessary expense; lack of full information has made intelligent direction impossible and coöperation between different branches of the service difficult.

The handicaps under which every officer labors may be concretely shown by the experience growing out of the recent effort of the President to get together what was thought to be the minimum of information needed to submit a budget. Among the requests for concrete data was one for a statement which would show the exact condition of appropriations as of June 30, 1911, and June 30, 1912.

The theory on which this request was formulated was that each act of appropriation carries with it the following specific authorizations:

1. An authority and duty to heads of departments to allot all general or lump fund appropriations.
2. An authority to heads of departments to incur liabilities.

3. An authority to heads of departments to certify and approve vouchers for payment.

4. An authority to the treasury to advance money to disbursing officers under certain appropriations; or

An authority to the treasury to make direct settlements under certain other appropriations.

5. An authority to disbursing officers to draw checks and disburse public money in payment of claims which have been approved by heads of departments.

The need for having exact data with respect to each of these authorizations may be understood if it is said that officers are limited in their action to the amount of the appropriations, and furthermore, in most instances, it is a misdemeanor to exceed the authority granted.

Notwithstanding this very evident necessity for complete, accurate, and up-to-date information with respect to the condition of each of these authorizations, it was found that even after six months had elapsed few offices could comply with the request without incurring an expense which would be prohibitive—i. e., an exact statement of fact would require that a complete re-analysis of transactions be made affecting each appropriation. In a few of the accounting offices information was so kept that each of the balances asked for by the President might be ascertained; from others, however, little or no accurate information could be obtained. It further developed that, so far as was known, this was the first time in the history of the government that such a statement had been called for. Congress had never requested it; the executive had not called for it; the department of the the treasury had not thought it was desirable.

Under these circumstances and considering the great variety of methods employed in the hundreds of offices where such accounts were kept, an instruction was prepared, requesting that in so far as accurate information might be reported from the accounts, this should be sent in as a statement of fact; that in so far as accounts were not kept in such detail as to afford exact information, the balances should be estimated and returned as the best guess of the officer in charge. The reports received, partly statements of fact, partly made up of guesses, are the first returns that have ever been made, the aim of which has been to make a complete statement of the status of appropriations as of a particular date.

Further light may be thrown on the subject by reference to the returns of the departments of war and navy on cost of work. These are taken

because they are the two large manufacturing departments of the government and the ones which for this reason have developed their cost accounts more fully than have the civil departments. Having in mind the desirability of showing separately the cost of each activity or class of activities in the war department, which was strictly military in character as distinguished from that which was strictly civil in character, the following analysis of expenditures was requested:

OUTLINE FOR ANALYSIS OF EXPENDITURES—WAR DEPARTMENT

I. *Military expenditures:*

1. Departmental administration.
2. The arsenal and other industrial establishments.
3. The Army.
 - a. Army administration and other general business.
 - (1) General direction (general staff and general officers).
 - (2) Inspection (inspector general).
 - (3) Personnel and record work including recruiting.
 - (4) Administration of discipline by courts-martial (judge advocate general).
 - (5) Supply corps—providing structure, equipment, supplies, and non-personal services for the Army, handling and keeping of accounts for pay, food, clothing, quarters, transportation, etc.
 - b. Direct cost of the Army proper (not including details to administrative offices or to militia, officers engaged in civil engineering and other civil work, or officers and men engaged on Alaska cable system).
 - (1) At schools.
 - (2) At prisons.
 - (3) In garrison, field, and camp.
4. The militia and other reserve forces.
 - a. At schools.
 - b. In field maneuvers.
 - c. Other.
5. Retired personnel.
6. Pensioners.
7. The dead (cemeteries, etc.).

II. *Civil expenditures:*

1. Navigation—rivers and harbors, etc.
2. Public buildings and grounds at Washington.
3. District of Columbia engineering work.
 - a. Washington aqueduct and filtration plant.
 - b. Conduit Road.
 - c. Reclamation of the Anacostia flats.
 - d. Other.

4. Washington and Alaska cable and telegraph system.
5. National and military parks and monuments (not within cemetery inclosures or in public buildings and grounds).

Upon submission of this request for information, however, the statement was made that it would be impossible within the three months available to prepare an accurate analysis of the kind—in fact, that it would be impossible to submit any result along these lines which would be accurate without a complete re-analysis of the accounts for the two years covered in the request. The representatives of the department who were assigned to the work were asked, therefore, to prepare the best information obtainable within the time and to submit estimates for such costs as could not be ascertained direct from the accounts. Even under this instruction the analysis prepared for the department as a whole was not received by the commission until about the middle of December, and was far from complete.

The difficulties to be overcome may be appreciated only as they are considered in some detail. In the first place there had never been an attempt made to prepare a statement which would show the cost of the military as distinct from the cost of the civil work of the department. The principal obstruction to obtaining such information lay in the fact that there has been no segregation of the pay, the subsistence, the travel, the clothing, the housing, and other costs related to the commissioned and the enlisted personnel who are detailed to the performance of duties that are civil in character, and this cost is a very considerable element to be reckoned with. The theory has been that the commissioned officers and enlisted men are a military cost to the government no matter what they are doing—in other words that their employment has risen from a policy of the government to maintain a military establishment, and that, in so far therefore as those military employees are used for civil purposes, their services are without cost except as they would be shown in the military group. But even this theory had not been consistently followed. Recognizing the desirability of getting a more accurate statement of cost of river and harbor work, several years ago a law was passed which provided that the salaries of all employees engaged solely on river and harbor work should be charged to river and harbor appropriations. This law has been interpreted to mean that when an officer is engaged only a small percentage of his time upon military work, such as sitting on a board or some other relatively small detail, this detail took him out of the class, and under the circumstances no part of his salary for the pay period

could be charged against river and harbor appropriations. In theory, the smallest diversion of the attention of any officer within a pay period would cause his salary to be charged against a military appropriation, and since the military organization is necessarily a very mobile body, there is nothing gained by way of exact information through the enactment of a statute.

The same practice has been followed in relation to the detail of enlisted men. An illustration of this is found in the recent change in organization for the purpose of handling the business of the quartermaster's corps. Formerly civilian employees were used to a large extent as teamsters and in other manual employment. When so employed their pay was charged against the appropriation which corresponded to the particular work on which they were engaged—"transportation." As a result of change in policy many of these "teamsters" were supplanted by enlisted men, and their pay was no longer charged against the appropriation provided for the class of work performed, but was entered in the accounts as a part of the pay of the army. Under the recent law some 6000 enlisted men are authorized to be thus employed. These 6000 men may be utilized at the discretion of officers on work pertaining to transportation, clothing, subsistence, quarters, or any other of the subjects falling within the jurisdiction of the quartermaster general.

A still further complication is found in this: When enlisted men are employed in special lines of work which entitles them to extra or additional pay, this additional amount is charged to the appropriation for carrying on that particular line of work, but the regular pay is charged to the appropriation for pay of the army and is not considered as a part of the cost of the work to which the enlisted man is assigned.

Further illustration may be found of the difficulties which stood in the way of obtaining exact information about expenditures by classes of work in the department of the navy. The expenditures as classified in the returns fall under four main subdivisions, namely, (1) administration and other overhead, (2) the fleet, (3) yards and stations, and (4) marine corps. The form of report is such as to suggest that the "yard and station" expenditures represent costs of construction and repair. Further inquiry, however, develops the fact that the term "yards and stations" is intended to include various groups of activities which fall under the military discipline and control of the yard or station commandant. What is shown as the cost of the naval station at New York, includes the following activities which are not directly related

to manufacturing divisions; a medical department and dispensary; two wireless stations; a medical supply depot; a naval hospital; a receiving ship on board of which is maintained a naval prison and an electrical school; ships in reserve; ships in ordinary; three naval magazines; and a purchasing pay office. On the other hand, the manufacturing enterprises conducted under the jurisdiction of the commandant include a shipyard, a clothing shop, and an organization plant for the construction and upkeep of officers' quarters, marine barracks, a sewage plant, and various other so-called public works. Under each of the yard commandants will be found various institutions and enterprises that are only indirectly connected with the operation of a ship yard, and at one station is included a civil government.

While the naval observatory and the hydrographic offices and recruiting offices are separately shown, the information which is not shown and which is not at present available except so far as they may be maintained as separate stations, includes the cost incident to the operation and maintenance, as well as the construction, relating to the following: 4 naval training stations, 31 coaling plants, 43 wireless stations, 12 naval magazines, 14 purchasing pay offices, 20 naval hospitals, 25 naval dispensaries, 15 naval schools, 7 naval medical schools, 3 naval medical supply depots, 3 marine corps schools, 13 naval target ranges, 1 marine corps target range, 48 marine posts and stations; besides these is the cost incurred in relation to 9 inspection districts, and inspections conducted in 16 different cities where material is made under contract.

A very complete system of job cost accounts has been installed at the yards. But no provision is made for the assembling of the "jobs" in such a way as to show what work relates to hospitals, magazines, prisons, or any of the other institutions and establishments which come under the jurisdiction of the yard commandant, except so far as these may be brought out by the classes of property shown by summary accounts which are called "titles." Title "G," for example, is the name of an account kept at each yard to show the cost of "Maintenance of yards and stations—industrial." For the purpose of providing a further analysis of this general or summary account, ledgers are kept from which is produced an analysis of title "G" or cost of "maintenance of yards and stations—industrial," under which will be found such items as the following: "grounds," "buildings," "waterfront," "furniture," "fire apparatus," "telephone and telegraph," "vehicles," and "live stock." There is no information available, and I am informed none to be had with respect to character or use of the grounds, buildings, furniture, fire apparatus,

telephone and telegraph, vehicles, live stock, etc., which is here brought together by general classification. What is the cost which may be allocated to hospitals, wireless stations, prisons, magazines, marine barracks, or what not, there is no means for obtaining data even for making an estimate. In other words, the head of the bureau of medicine and surgery does not have provided any of the administrative data that is ordinarily furnished to the hospital board or to the executive head of an institution of this kind. The only facts which systematically and regularly come to the attention of the head of this branch of the service have to do either with the operating and physical statistics of each hospital or with the appropriations against which the officer must approve vouchers, and these vouchers constitute only a small part of the cost of running hospitals.

An illustration of the almost total lack of information which is necessary for considering the economy and efficiency of administration of civil departments is taken from the treasury—the department to which has been given the power and on which has been imposed the duty “to prescribe” the forms and methods of keeping all accounts and of rendering all reports in all of the departments of the government except the post office.

In this department there are some 18 different bureaus and offices, each of which is keeping accounts by a different method. One of these offices¹ is charged with the direction, operation, and maintenance of public buildings. It actually administers more than 700 public buildings located in more than 200 different cities and towns scattered over 49 states and territories. The accounts kept in this office do not separately show the cost of administration, operation, maintenance, and capital outlays; the administrative head of this office has no present means of obtaining complete, accurate, and prompt information about the heating costs, the lighting costs, the cleaning cost, or any of the other data which is absolutely necessary to intelligent direction and control. When such information was asked for it was necessary to make a special investigation, and even after weeks of delay, only a partial and inaccurate statement was obtained.

This illustration may be taken as typical of the many offices which make up the civil service of the government. There is only one large and widely scattered service in the government that has a complete system of records of expenditures and operation statistics such as is needed to administer the work economically and efficiently. This is the reclamation service—a subdivision of the department of the inte-

rior which has acquired and now has under its control properties and plants that represent an investment of the government amounting to nearly eighty millions of dollars, set aside as a capital fund from the sales of public lands. Strange as it may seem this service is operated under a "lump sum" appropriation and has been almost entirely free from legislative control or statutory prescriptions having to do either with the subject of appropriations or accounts. In this, on the initiative of the administrative head, a scheme of information has been developed by means of which he may currently know about expenditures for each project in terms of exact standards for judgment. That is, he may know the mule-day cost of each corral; the man-day cost of each mess; the cement-yard cost of lining each tunnel; the rock-yard cost of each quarry, etc., etc. This development without doubt has been due to the fact that responsibilities for the exercise of discretion have been placed on the executive head of the bureau. To protect this responsibility under conditions which would lay him open to very harsh criticism in case the business for which he was responsible was inefficiently or wastefully managed, he evolved a scheme of accounting and reporting which would not only keep before him currently the facts, but would also enable him to give an exact account of the great capital fund with which he was entrusted. Without any formal requirement being laid upon him by statute or by executive order the instinct for management has here asserted itself and the records of that office stand out in the Department of the Interior like an oasis in a desert.

In the department of commerce and labor, the light house establishment is gradually developing a scheme of information that gives to the head of the service up-to-date results, which may be administered on, and after being acted upon administratively, may be reported to Congress. Here and there is to be found a legible hand in the mass of paper which is being sacredly stored away in vaults, but most of the facts, which might throw light on how one thousand million dollars of the people's money each year is spent, is like a pied galley in a printing office.

Not only has there been a failure to develop systematic accounting processes within the executive branch but congress itself has made no considerable demand for information about expenditures as a basis for considering what amounts shall be appropriated. The practice has been for congress to ask each service to report direct; and the form prescribed for the "book of estimates" does not provide for showing a complete or accurate statement of actual expenditure. What is insisted on by

congress is a statement of amount appropriated for the last year and of amounts requested for the next year. In the compilations of the committees on appropriations, amounts estimated and amounts appropriated each year for a series of years are laid before members of the committee, but there is no provision made either for a statement which will show what amounts have actually been spent, what are the balances of past appropriations unallotted, the balances unencumbered, the balances unexpended, what increments to appropriations have been received during the year as reimbursements, what amounts may be expected as reimbursements for the next succeeding year, what is the relation of expenditures for the government as a whole to the revenues of the government as a whole. In short, there is practically no information regularly required to be laid before congress which goes either into the question of the economy and efficiency with which funds are expended or into the question of present financial condition.

Another fact is of interest; each house has organized standing committees on expenditures which are authorized to go into the efficiency and economy of management of each executive department and establishment, but not a single member of one of these is a member of an appropriation committee and no provision has been made for bringing any of the information which is necessary to thinking about the business of the government before these committees in a systematic manner. Furthermore, such statutes as have been passed by congress containing prescriptions as to the form in which information shall be reported have only added to the confusion which theretofore existed. These prescriptions are to be found in 90 different laws and carry with them requirements for some 300 different forms of statements, none of which are coördinated and many of them conflicting in nomenclature and classification. In short it may be said that during the last one hundred and twenty-four years of operation without a budget the whole subject of developing information about what the government has been doing, what results have been obtained, the economy and efficiency of management for a hundred and twenty-four years, has been in a hopeless state of neglect. There has been no intelligible accounting with respect to the operations of the great public trust with which our federal officers have been charged.

MEANS DEVELOPED FOR SHOWING PRESENT FINANCIAL CONDITION

In this relation it may be said that the records and reports through which information is gained about financial conditions is in the same state of neglect as are the operation accounts. In so far as responsibility is fixed by law for the custody of cash and the issue and retirement of obligations commonly called "debt," accounts and reports have been elaborated beyond all reason. But such a statement as a business man or as the financial world is accustomed to seeing and using has never been produced. This defect was characterized by President Taft in the special message above referred to, as follows:

Take the combined statement of the receipts and disbursements of the government for the fiscal year ended June 30, 1910—a report required by law and the only one purporting to give an analytical separation of the expenditures of the government. This shows that the expenditures for salaries for the year 1910 were 132 millions out of 950 millions. As a matter of fact, the expenditures for personal services during that year were more nearly 400 millions as we have just learned by the inquiry now in progress under the authority given me by the last congress.

The only balance sheet provided to the administrator or to the legislator as a basis for judgment is one which leaves out of consideration all assets other than cash, and all liabilities other than warrants outstanding, a part of the trust liabilities and the public debt. In the liabilities no mention is made of about \$70,000,000 special and trust funds so held. No mention is made of outstanding contracts and orders issued as encumbrances on appropriations; of invoices which have not been vouchered; of vouchers which have not been audited. It is, therefore, impossible for the administrator to have in mind the maturing obligations to meet which cash must be provided. There is no means for determining the relation of current surplus or deficit. No operation account is kept, and no statement of operation is rendered showing the expenses incurred—the actual cost of doing business—on the one side, and the revenues accrued, on the other. There are no records showing the cost of land, structure, equipment, or the balance of stores on hand available for future use; there is no information coming regularly to the administrative head of the government or his advisors advising them as to whether sinking-fund requirements have been met, or of the condition of trust funds or special funds.

One of the results of this lax method of stating conditions is to be found in the administration of the sinking fund. In his report for 1910 the secretary of the treasury comments as follows:

I beg to call the attention of the congress to the matter of the sinking fund. The sinking-fund law has fallen into neglect. It should be

revised to a point where it can be obeyed. It is impossible to carry out the law as it is, for the treasury department has not at present any funds with which to pay off its debt. Presumably, I should set aside 1 per cent of the debt; and congress has made a permanent appropriation for this purpose, but it does not furnish the money with which to carry it out; and the sinking-fund law has been not exactly a dead letter but a dead-and-alive letter for nearly forty years.

Although the law is mandatory that the secretary of the treasury shall set aside a certain amount each year to retire the war debt and although during most of the time the amount called for was available, partly by reason of a temporizing policy established under conditions which do not require publicity, partly due to the fact that the bonds of the government have become involved in our currency system, the administration has consistently ignored the law until a sinking fund deficit amounting to hundreds of millions of dollars had accumulated when the new secretary recognized the impossibility of covering the deficiency and asked to have the law repealed.

Whether this condition may or may not be connected with the absence of a budget the conclusion would seem to be warranted that, if the Chief Executive had been requested each year to lay before congress a statement of financial conditions and operating results, the powers and duties which by the Constitution and statute law are laid on the executive branch, so far as these relate to accounts and reports, would have been more fully developed. Instead of making such a request of the head of the administration, increasing pressure has been brought at the bottom. By calling on the President for the submission of an annual statement, this would necessarily cause the accounting and reporting processes to be developed for the reason that responsibility for recommendations which, necessarily goes with such submission, would require the President and heads of departments in self protection to have submitted to them complete, accurate, and prompt statements of fact and to have these brought before them regularly in order that any question which might lay them open to criticism might be taken up and disposed of before it was too late. These statements of fact first made available for the information of the executive would later be made available to congress as well to citizens who are interested in what the government is doing and how officers are discharging their responsibility.

PROVISION MADE FOR PLANNING FUTURE WORK TO BE UNDERTAKEN

Whether or not an annual budget prepared by the executive and submitted to the legislature is necessary to the intelligent planning of future work or may assist materially in reaching a decision—as to what work, begun in the past, shall be continued during the next fiscal period, certain it is that ours has been a government without a plan. Not only has there been no consciousness of a program on the part of officers (legislative or executive) and on the part of the people, but there has been no machinery developed which is adapted either to the development of or to the intelligent consideration of a definite program which may serve as a guide to legislation and to executive action. This conclusion is beyond question, whether it is approached from the viewpoint of the executive or from the viewpoint of congress.

From the viewpoint of the executive the only person or persons who can formulate and submit for consideration a plan or program for the government as a whole is the President and his advisors. Definite provision is made in the Constitution looking towards the executive formulation and submission to congress of a plan or a program in such form and at such time as the President “shall judge necessary and expedient.” But the fact is that a careful perusal of the messages of Presidents from Washington to Taft fails to disclose such a submission in any form except in so far as, from time to time, isolated subject may be introduced for discussion.

It is almost unbelievable that within the last one hundred and twenty-four years not a single undertaking of the government has been the result of the consideration of a comprehensive plan of government work: The government has never had a consistent, well-considered military program; it has never had a recognize naval program; it has never had a well thought out and consistent plan for the protection and promotion of American interests abroad; it has no plan or program with respect to the regulation of commerce and immigration that is consistent even with itself; it has had no plan or program for the promotion of the interests of the laboring classes; even in such broad subjects as transportation there has not been an attempt to formulate a national plan since the days of Jefferson when he asked Albert Galatin to report a scheme for internal improvements which would be national in scope—a plan which by the way after having been worked out was never adopted; we have never had a program looking toward the protection and promotion of public health or for assisting in the development of a consist-

ent plan of public education. Pension laws have been passed, the fulfilment of which necessitates the expenditure of greater sums than the direct cost of all of the wars in which the country has been involved without an actuarial calculation or even the consideration of how a particular act may affect the treasury. One governmental activity after another has been developed, growing out of the interests of particular individuals in subjects of welfare or the ability of others to get individual proposals before congress in a commanding manner. The result has been that the only organization of the executive branch that has consistently built up around a particular kind of work to be done is the postal service. We have two navies—one in the treasury, the other operated by the department of the navy. About one-third of the expenses of the war department are civil in character. The one department of public service other than postal that has been most consistent in the development of its activities is the Department of Agriculture, but here we find years of conflict and scandal growing out of the establishment of two large and important health services in a group to which they did not properly belong.

Going to the legislative side we find that the legislator has had little regard for the development of a government program or policy, as is clearly evidenced by the organization of its own committees. The committees of congress follow neither organization lines nor functional lines. The war department, for example, in obtaining its regular appropriations, must deal with seven different committees and subcommittees which have charge of as many annual appropriation bills, besides the various other committees in which originate bills that carry permanent appropriations. Furthermore, there is not a broad subject of government work which comes before one committee. The enterprises of the government which have to do with the providing of transportation facilities, for example, go piecemeal before seven regular committees and are appropriated for in eight different annual bills, besides the committees and bills that provide for permanent and continuous appropriations to the extent of \$2,000,000 a year. Questions of public health must be considered annually by four different committees whose conclusions are expressed in as many bills, outside of the health functions for which permanent appropriations are made, and those which go before committees dealing with military and naval affairs.

Whatever may be said about the utility of a budget as an instrument of planning, the fact stares us in the face that during the last one hundred twenty-four years we have not developed any means for considering

a plan or program for governmental activities, whether for the federal government as such, or for the federal government in coöperation with States and municipalities.

MEANS DEVELOPED FOR PROVIDING ADEQUATE FUNDS

While the power "to lay and collect taxes, duties, imposts, and excises" has been given to congress, as well as the power "to borrow money on the credit of the United States" (and a corresponding limitation has been placed on the executive branch, which makes it unlawful to disburse any of the public moneys, "but in consequence of appropriations made by law") congress can have no basis for judgement with respect to these matters except as it obtains information for the executive branch. In recognition of this fact the following provision was contained in the act creating the Department of the Treasury:¹

It shall be the duty of the secretary of the treasury to prepare and report estimates of the public revenue and the public expenditures.

Later this duty was made more specific by an act approved May 10, 1800, as follows:

It shall be the duty of the secretary of the treasury to digest and prepare to lay before congress at the commencement of every session a report on the subject of finance, containing estimates of the public revenue and public expenditures, and plans for improving and increasing the revenues, from time to time, for the purpose of giving information to congress, and adopting modes of raising money requisite to meet public expenditures.

Initially the congress was also organized in such manner that all questions of appropriation and money raising came within the jurisdiction of a single committee. Whether or not the fact that the government has been doing business without the budget may be considered as a reason, the fact is that this original idea has been entirely departed from. At the present time one committee considers the question of raising revenue. Fourteen other committees and sub-committees have charge of appropriation bills. Not only has there come to be an utter lack of coördination in organization for the consideration of the question as to whether the appropriation requested come within the prospective of the government to meet them, but responsibility for a deficit

¹The office of the supervising architect.

seems to have been shifted by congress from its own shoulders to the executive. That is, the theory seems to have been that the revenues always will be sufficient no matter what amount may be appropriated. In case, however, it may happen that the cash in the treasury at any time prove to be inadequate, the President is made responsible for issuing bonds to cover the deficit and to keep up the cash reserves required for the protection of the national currency. This carries with it no element of forethought; it only provides a means whereby the government may be protected against default on its obligations after deficit occurs.

MEANS PROVIDED FOR COÖRDINATING LEGISLATIVE AND EXECUTIVE ACTIONS

One of the most important uses which a budget serves those countries in which it has been made a part of the regular machinery of doing business is this: That it provides a means whereby the legislative and the executive branches may be brought into close coöperation; it places each branch on a plane of openhanded, fair dealing instead of putting the one branch in the attitude of seeking to circumvent or frustrate the plans and purposes of the other.

In those countries the principle is invoked that the executive as the head of the administration should be responsible for submitting requests for appropriations and for making recommendations for changes that are thought to be necessary or expedient. By this means the chief executive or some one who may be delegated to represent his views is placed in the position of an advocate and as such is bound to support his proposals with statements of facts sufficient to enable individual members of the legislature, as well as the public, to judge whether the request is one that should be granted. By placing responsibility for executive proposals on the chief executive, in so far as there may be differences of opinion developed, these differences have to do with definite concrete issues that may be understood and discussed as a part of a general welfare program. In other words, the whole issue is shifted from such considerations as whether the janitor of an office building located on "F" street shall receive an increase of \$100 a year in salary or whether there shall be two clerks or three clerks appropriated for in a particular office, to questions of supreme importance to the country.

In the development of the American practice, although the President has had through all these years full powers to submit a budget, he has

never done so; he has never assumed any responsibility for appropriation requests except those which may be specially mentioned in a message and then he is put in the attitude of a special pleader.

In this respect the President has to this time failed to take the part of a chief executive—a part which is clearly indicated in the Constitution. On the other hand congress as a great representative body, whose hundreds of individual members are necessarily unfamiliar with the details of current business transacted, has attempted to prescribe the minutest details; they prescribe how many clerks and what salaries shall be paid in a particular office; they prescribe just how the requests for appropriations that are to be administered by the executive branch shall be prepared and submitted, and in doing so have completely ignored the chief executive as the responsible head of this branch; instead of making requests on the head of the administration for such information as they may deem desirable, they have brought increasing pressure on subordinates at the bottom; instead of requiring that complete and accurate statements of fact be submitted each year (as seems to have been contemplated by the Constitution, in any event as would be required by a board of a great private corporation), the whole matter has been left in the hands of committees on appropriations to develop; instead of requiring information in such form that it would be available to members of congress and to the public, each of the many officers who are in touch with the technical details of the great complex business of the government are called in and interrogated as witnesses; only a partial record of this testimony is kept, i.e., such as the committee may deem worth while printing, in the form of hearings and this is not made available for general publicity.

Thus, each year a star chamber trial of the administration is conducted which does not even afford the opportunity to the head of the administration to state his case. A secret meeting is held with his subordinates, each of whom can have no means of seeing the problem of the administration except from the narrow angle of his own work. This not only puts the administration at a disadvantage in making plans for the discharge of executive responsibilities; not only makes impossible all forethought directed toward increasing the efficiency with which public service may be rendered and the economy with which public revenues may be expended, but it puts congress to a still greater disadvantage. Even though the concept as to what congress should do be narrowed down to the function of investigating the administration, the members of committees who are charged with conducting such inves-

tigations are like lawyers going to trial without the preparation of a brief. When the case of the administration is called, a subordinate officer of the defendant appears as the only person in court who has any considerable knowledge of the subject; the witness for the defense is the only one ready for trial. Under such circumstances whatever may be the shortcomings of the administration, it is a matter of fortunate chance if these shortcomings are developed at the hearing.

The logical outcome of such a system as this is increasing friction; increasing hostility; increasing jealousy between the two branches of the government which must determine and execute plans for public service. One hundred twenty-four years of experience can leave no doubt that the logic of such a system has been fully realized in practice. Such a system has stood in the way of developing and utilizing expertness in the handling of the many highly complex and technical activities of the public service. Under such circumstances there has been an over-increasing conflict of interest between the two branches, that has gone far toward depriving the government of the benefits of the exercise of executive discretion on the one hand without providing any means for the exercise of a form of legislative control which makes for economy and efficiency in operation on the other. The form of legislative control over the administration that has been developed is of the same character as that which has been developed by the courts for the control of the criminal classes, viz., control by restraint.

Thus we find that the business of the government of the United States is conducted by two sets of officers who are pitted against each other, instead of coöperating for common ends. Congress has been made to know that the attitude of the administration is one of deception; the administration has been made to know that the attitude of congress is one of increasing restriction; each has become increasingly suspicious of the other. On the one side there has been an increasing disposition to withhold information; on the other side action has been taken to limit authority and opportunity.

CONCLUSION

In conclusion this may be said; That one hundred twenty-four years of operation without a budget has not developed a means for requiring the executive branch to submit an annual account of stewardship; that we have not developed a means for getting before the legislature and the country an accurate statement of financial condition; that we have

not developed a consistent, well-considered plan as a guide for the enlargement and adaptation of government activities; that we have not provided a means for coördinating government revenues with government expenditures; that we have not evolved a method whereby the work of the legislative branch may be correlated with the work of the executive branch to the end that the government may be made an efficient instrument of public service. In the development of governmental activities our experience has been novel but disappointing. The demand for increasing efficiency as well as the demand for greater economy has come as a result of public unrest, due to the recognition of the unfavorable contrast in which our government stands when compared with other governments which have made use of a budget as a means for getting before the country information as to what has been done and what is proposed each year as a basis for financing. In the United States the people are each year asked to take a thousand million dollars of stock in a public enterprise, the sponsors of which have been in the attitude of refusing to tell what the money will be spent for and how last year's contributions were used. The subscribers are not demanding that the officers of the corporation shall submit a report and prospectus before asking for further contributions. The public are asking the officers of the government for a statement of affairs and a statement of proposals for the future which will entitle them to the confidence and support of thinking men and women. We have drifted away from the theory that the primary end which the government serves is to further partisan and personal interests. We are gradually disassociating politics from forms of cunning which have so long been employed for public spoliation. Government is no longer accepted as a "confidence game" to be played on an innocent public that is required to take stock but is kept in the dark about what is done with their contributions. The public has gradually lost interest in government as a means to private advantage or for the benefit of a preferred class or "organization." The public resents this attitude on the part of officers and on the part of politicians who regard positions of trust as a business or social opportunity. Government has come to be regarded as serious and important business.